

## MEMORANDUM

To: Members of the Senate Finance, Ways and Means Committee;  
House Finance, Ways and Means Committee;  
Senate General Welfare, Health and Human Resources Committee; and  
House Health and Human Resources Committee

From: Zane Seals, Chief Financial Officer

Date: November 30, 2021

RE: TennCare Quarterly Report on Public Chapter 642, the Annual Coverage  
Assessment Act of 2021

Tennessee Code Annotated 71-5-2005(g) requires the Bureau of TennCare to submit a quarterly report on the status and use of the Annual Coverage Assessment as follows:

- (1) The status if applicable of the determination and approval by CMS set forth in TCA 71-5-2003(b) of the annual coverage assessment.

The Center for Medicare and Medicaid Services approval for the Annual Coverage Assessment was received on June 30, 2010.

- (2) The balance of funds in the maintenance of coverage trust fund.

The estimated balance of the trust fund at July 1, 2021 was \$180,491,196.28.

- (3) The extent of which the maintenance of coverage trust fund has been used to carry out this part.

The first quarter's payments sent to hospitals totaled \$152,125,000. The ECF invoices mailed during the quarter totaled \$149,900,342. The ECF invoices paid by the hospitals during this quarter totaled \$149,783,193. One non-paying hospital has been suspended from receiving payments for subsequent quarters.

Item	Annual Cost of Reduction Item	ECF Required
Fund Virtual DSH Payments	\$222,869,700	\$75,118,200
Fund Charity Care Pool	\$142,845,900	\$48,146,200
Fund Payments to Graduate Medical Education Institutions	\$50,000,000	\$16,852,500
Fund TN Center for Health Workforce Development Contract	\$1,500,000	\$750,000
Fund Medicare Part A Payments at Current Levels	\$35,550,400	\$11,982,300
Postpone Provider Reimbursement Reductions	\$227,556,500	\$76,697,900
Postpone Hospital Reimbursement Ceiling	\$48,670,700	\$16,404,500
Postpone 8 Inpatient Day Limit	\$138,986,800	\$46,845,500
Postpone Lab/X-ray benefit Limit	\$41,397,100	\$13,952,900
Postpone Office Visit benefit limit	\$64,017,000	\$21,576,900
Postpone Outpatient benefit limit	\$153,063,600	\$51,590,100
Postpone PT/OT/ST benefit limit	\$28,188,000	\$9,500,800
Fund Contract Payments for Admission, Discharge and Transfer Feeds	\$550,000	\$275,000
Postpone Reduction for Non-Emergent Care at Hospitals	\$1,678,800	\$565,800
Offset Elimination of 340B Pricing Provision of MCO Contractor Agreement	\$6,000,000	\$2,022,300

During the first quarter of State Fiscal Year 2022, \$42,138,625 of the trust fund was used to fund the hospital directed payment totaling \$152,125,000. The increase in the federal matching rate during the COVID-19 emergency has made the trust fund portion of the directed payment equivalent to 27.70% instead of the normal 33.90% rate.